

GET-RICH-QUICK, SELF-EMPLOYMENT SCAMS

Go broke quick! That's the unfortunate truth usually learned too late by the thousands of people who fall victim every year to swindlers peddling a variety of money-making opportunities. Promises of a sure path to financial independence through work-at-home scams, such as medical billing centers and vending machines, plus a variety of other phony business opportunities and franchises are among the most prevalent tactics swindlers use to prey upon those needing supplemental income.

Con artists often locate their victims through trade shows; telephone solicitations; television, radio, and print advertisements; and now even the Internet. They tell the prospective purchaser that interest by the public or a specific market niche is very high and that the window of opportunity will soon close. These promoters pressure investors to make a quick decision and hand over their money.

Get-rich-quick self-employment scams often promise exclusive territories and money-back guarantees. Many victims are assured that they will receive marketing assistance and that income is guaranteed to exceed the purchase price of the franchise, equipment, or software. But after they have paid, too often the investor learns that any training they receive is useless, the equipment or software necessary to conduct their new business does not work or is not delivered, supposedly secure leads produce no business, the 24-hour hotline to answer their questions does not exist, and guarantees are nothing but words.

A franchise or business opportunity may sound appealing, especially if you have limited resources or business experience. But you could lose a significant amount of money if you don't investigate a business carefully before you buy. (Learn about Nebraska's Seller Assisted Marketing Plan Act.)

Before You Invest In Any Business Venture, Take the Following Steps:

- ◆ **Check out the company with the state securities agency or attorney general's office not only in the state where you live, but also in the state where the company is headquartered.** These organizations can tell you if the company is registered, if necessary, and if they have any consumer complaints about the company on file.
- ◆ **Ask current owners or employees about their experiences with the company.** Don't accept a list of references selected by the company as a substitute for a complete list of franchise or business opportunity owners because you may end up talking to a person hired by the company to give a favorable report on the business.
- ◆ **Get all promises in writing.** Any promises you hear should be written into the contract you sign.
- ◆ **Ask for the details of the company's refund policy before you buy.** Get that in writing, too.

- ◆ **Investigate all earnings claims.** Talk to others who have purchased the opportunity to see if their experience verifies the claims. Demand to see the company's basis for its claims in writing. The company should tell you in writing the number and percentage of owners who have done as well as they claim you will. Be skeptical in judging whether the claims are backed up.
- ◆ **Listen carefully to sales presentations.** Be wary of any opportunity that sounds too easy. The thought of easy money may be appealing, but success generally requires hard work. Be wary of buying if company representatives either try to evade your questions or ignore them altogether.
- ◆ **Ask for the disclosure document.** This document, required by law in most cases, should provide all detailed information on the business experience of the company and its officers, any lawsuits, and any fees you will have to pay. If the company has no disclosure document beware! Ask a lawyer, accountant, or business advisor to read any disclosure documents and proposed contracts.
- ◆ **Resist high-pressure sales tactics.** Buying a business opportunity is a big, expensive decision. Take time to think it over.

Consumer education materials are available on the Internet at the FTC's World Wide Web site at <http://www.ftc.gov>. Five specially designed brochures and tip sheets regarding business opportunities can also be ordered by calling (800) 554-5706.

If you have a complaint on a business opportunity or franchise, or if you want to check on a company before you invest, please contact the **Nebraska Department of Banking and Finance, Bureau of Securities, at (402) 471-3445, or via this website.**